

FY 2022

**ANNUAL TAX INCREMENT FINANCE
REPORT**



SUSANA A. MENDOZA
ILLINOIS STATE COMPTROLLER

Name of Municipality: Village of Arlington Heights Reporting Fiscal Year: 2022
County: Cook Fiscal Year End: 12/31/2022
Unit Code: 016/015/32

FY 2022 TIF Administrator Contact Information-Required

First Name: Michael Last Name: Lysicatos
Address: 33 S Arlington Heights Road Title: Asst. Director Planning & Comm. Dev.
Telephone: 847.368.5211 City: Arlington Heights Zip: 60005
E-mail: mlysicatos@vah.com

I attest to the best of my knowledge, that this FY 2022 report of the redevelopment project area(s)

in the **City/Village** of:

Arlington Heights

is complete and accurate pursuant to Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] and or Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.].

6/29/2023

Written signature of TIF Administrator

Date

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*)

FILL OUT ONE FOR EACH TIF DISTRICT

Name of Redevelopment Project Area	Date Designated MM/DD/YYYY	Date Terminated MM/DD/YYYY
Hickory Kensington	7/21/2014	

*All statutory citations refer to one of two sections of the Illinois Municipal Code: The Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

SECTION 2 [Sections 2 through 8 must be completed for each redevelopment project area listed in Section 1.]

FY 2022

Name of Redevelopment Project Area:

Arlington Heights: Hickory Kensington TIF

Primary Use of Redevelopment Project Area*: Mixed
*Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.
If "Combination/Mixed" List Component Types: Comm./Residential
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):
Tax Increment Allocation Redevelopment Act X
Industrial Jobs Recovery Law

Please utilize the information below to properly label the Attachments.

	No	Yes
For redevelopment projects beginning prior to FY 2022, were there any amendments, to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment (labeled Attachment A). For redevelopment projects beginning in or after FY 2022, were there any amendments, enactments or extensions to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment, enactment or extension, and a copy of the redevelopment plan (labeled Attachment A).	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification (labeled Attachment B).		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion (labeled Attachment C).		X
Statement setting forth all activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented and a description of the redevelopment activities. [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement (labeled Attachment D).		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) (labeled Attachment E).		X
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information (labeled Attachment F).		X
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) (labeled Attachment G).	X	
Were there any reports <u>submitted to</u> the municipality <u>by</u> the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report (labeled Attachment H).	X	
Were any obligations issued by the municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose any Official Statement (labeled Attachment I). If Attachment I is answered yes, then the Analysis must be attached (labeled Attachment J).	x	
An analysis prepared by a financial advisor or underwriter, <u>chosen by the municipality</u> , setting forth the nature and term of obligation; projected debt service including required reserves and debt coverage; <u>and actual debt service</u> . [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If attachment I is yes, the Analysis and an accompanying letter from the municipality outlining the contractual relationship between the municipality and the financial advisor/underwriter <u>MUST</u> be attached (labeled Attachment J).	X	
Has a cumulative of \$100,000 of TIF revenue been deposited into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund (labeled Attachment K).		X
Cumulatively, have deposits of incremental taxes revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, the audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3 (labeled Attachment L).		X
A list of all intergovernmental agreements in effect to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose the list only, not actual agreements (labeled Attachment M).		X
For redevelopment projects beginning in or after FY 2022, did the developer identify to the municipality a stated rate of return for each redevelopment project area? Stated rates of return required to be reported shall be independently verified by a third party chosen by the municipality. If yes, please enclose evidence of third party verification, may be in the form of a letter from the third party (labeled Attachment N).		X

SECTION 3.1 [65 ILCS 5/11-74.4-5 (d)(5)(a)(b)(d)) and (65 ILCS 5/11-74.6-22 (d) (5)(a)(b)(d))]**FY 2022****Name of Redevelopment Project Area:****Arlington Heights: Hickory Kensington TIF****Provide an analysis of the special tax allocation fund.**Special Tax Allocation Fund Balance at Beginning of Reporting Period

\$ 3,229,925

SOURCE of Revenue/Cash Receipts:	Revenue/Cash Receipts for Current Reporting Year	Cumulative Totals of Revenue/Cash Receipts for life of TIF	% of Total
Property Tax Increment	\$ 822,569.00	\$ 4,131,939.00	97%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ 48,278.00	\$ 116,193.00	3%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers from Municipal Sources			0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

All Amount Deposited in Special Tax Allocation Fund

\$ 870,847.00

Cumulative Total Revenues/Cash Receipts

\$ 4,248,132	100%
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Total Expenditures/Cash Disbursements (Carried forward from Section 3.2)	\$ 15,000.00
Transfers to Municipal Sources	\$ -
Distribution of Surplus	

Total Expenditures/Disbursements

\$ 15,000

Net/Income/Cash Receipts Over/(Under) Cash Disbursements

\$ 855,847

Previous Year Adjustment (Explain Below)

-

FUND BALANCE, END OF REPORTING PERIOD*

\$ 4,085,772

* If there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

Previous Year Explanation:

SECTION 3.2 A [65 ILCS 5/11-74.4-5 (d) (5) (c) and 65 ILCS 5/11-74.6-22 (d) (5)(c)]

FY 2022

Name of Redevelopment Project Area:

Arlington Heights: Hickory Kensington TIF

ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND

PAGE 1

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]	Amounts	Reporting Fiscal Year
1. Cost of studies, surveys, development of plans, and specifications. Implementation and administration of the redevelopment plan, staff and professional service cost.		
		\$ -
2. Annual administrative cost.		
Administrative services	15,000	
		\$ 15,000
3. Cost of marketing sites.		
		\$ -
4. Property assembly cost and site preparation costs.		
		\$ -
5. Costs of renovation, rehabilitation, reconstruction, relocation, repair or remodeling of existing public or private building, leasehold improvements, and fixtures within a redevelopment project area.		
		\$ -
6. Costs of the construction of public works or improvements.		
		\$ -

SECTION 3.2 A
PAGE 2

7. Costs of eliminating or removing contaminants and other impediments.		
		\$ -
8. Cost of job training and retraining projects.		
		\$ -
9. Financing costs.		
		\$ -
10. Capital costs.		
		\$ -
11. Cost of reimbursing school districts for their increased costs caused by TIF assisted housing projects.		
		\$ -
12. Cost of reimbursing library districts for their increased costs caused by TIF assisted housing projects.		
		\$ -
		\$ -

SECTION 3.2 A
PAGE 3

13. Relocation costs.		
		\$ -
14. Payments in lieu of taxes.		
		\$ -
15. Costs of job training, retraining, advanced vocational or career education.		
		\$ -
16. Interest cost incurred by redeveloper or other nongovernmental persons in connection with a redevelopment project.		
		\$ -
17. Cost of day care services.		
		\$ -
18. Other.		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 15,000

Section 3.2 B [Information in the following section is not required by law, but may be helpful in creating fiscal transparency.]

FY 2022

Name of Redevelopment Project Area:

Arlington Heights: Hickory Kensington TIF

List all vendors, including other municipal funds, that were paid in excess of \$10,000 during the current reporting year.

[illegible]

SECTION 3.3 [65 ILCS 5/11-74.4-5 (d) (5d) 65 ILCS 5/11-74.6-22 (d) (5d)]

FY 2022

Name of Redevelopment Project Area:

Arlington Heights: Hickory Kensington TIF

Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period by source

FUND BALANCE BY SOURCE	\$ 4,085,772
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1. Description of Debt Obligations	Amount of Original Issuance	Amount Designated
Total Amount Designated for Obligations	\$ -	\$ -

2. Description of Project Costs to be Paid	Amount of Original Issuance	Amount Designated
Redevelopment Agreement 4 N Hickory		\$ 2,460,000
Campbell Street Public Way - Beverly to Hickory		\$ 165,000
Redevelopment Costs (5 Years)		\$ 2,040,000
Administrative Costs (5 Years)		\$ 75,000
Professional Services (5 Years)		\$ 75,000
Total Amount Designated for Project Costs		\$ 4,815,000

TOTAL AMOUNT DESIGNATED	\$ 4,815,000
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SURPLUS/(DEFICIT)	\$ (729,228)
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SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

FY 2022

Name of Redevelopment Project Area:

Arlington Heights: Hickory Kensington TIF

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

	Indicate an 'X' if no property was acquired by the municipality within the redevelopment project area.
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Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (5):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (6):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (7):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 [20 ILCS 620/4.7 (7)(F)]

FY 2022

Name of Redevelopment Project Area:

Arlington Heights: Hickory Kensington TIF

PAGE 1

Page 1 MUST be included with TIF report. Pages 2 and 3 are to be included ONLY if projects are listed.

Select ONE of the following by indicating an 'X':

1. <u>NO</u> projects were undertaken by the Municipality Within the Redevelopment Project Area.	
2. The Municipality <u>DID</u> undertake projects within the Redevelopment Project Area. (If selecting this option, complete 2a.)	X
2a. The total number of <u>ALL</u> activities undertaken in furtherance of the objectives of the redevelopment plan:	6

LIST ALL projects undertaken by the Municipality Within the Redevelopment Project Area:

TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ 4,550,000	\$ 22,500,536	\$ -
Public Investment Undertaken	\$ -	\$ 2,625,000	\$ -
Ratio of Private/Public Investment	0		0

Project 1: Arlington Market Homes

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 2: Kensington Day Care

Private Investment Undertaken (See Instructions)	\$ 1,750,000		
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 3: Campbell Street Public Way

Private Investment Undertaken (See Instructions)	\$ 700,000		
Public Investment Undertaken		\$ 165,000	
Ratio of Private/Public Investment	0		0

Project 4: Arlington Market Phase II

Private Investment Undertaken (See Instructions)	\$ 2,100,000	\$ 875,000	
Public Investment Undertaken		\$ -	
Ratio of Private/Public Investment	0		0

Project 5 Name: 4 N Hickory Redevelopment

Private Investment Undertaken (See Instructions)		\$ 21,625,536	
Public Investment Undertaken		\$ 2,460,000	
Ratio of Private/Public Investment	0		0

Project 6 Name: Redev. Cost - Util. Underground

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

SECTION 6 [Information requested in SECTION 6.1 is not required by law, but may be helpful in evaluating the performance of TIF in Illinois.

SECTIONS 6.2, 6.3, and 6.4 are required by law, if applicable. (65 ILCS 5/11-74.4-5(d))]

FY 2022

Name of Redevelopment Project Area:

Arlington Heights: Hickory Kensington TIF

SECTION 6.1-For redevelopment projects beginning before FY 2022, complete the following information about job creation and retention.

Number of Jobs Retained	Number of Jobs Created	Job Description and Type (Temporary or Permanent)	Total Salaries Paid
0	0		
			\$ -

SECTION 6.2-For redevelopment projects beginning in or after FY 2022, complete the following information about projected job creation and actual job creation.

The number of jobs, if any, projected to be created at the time of approval of the redevelopment agreement	The number of jobs, if any, created as a result of the development to date, for the reporting period, under the same guidelines and assumptions as was used for the projections used at the time of approval of the redevelopment agreement
4 N Hickory	4 N Hickory
Permanent - 5 Jobs	Permanent - 0 Jobs
Construction - 50 Jobs	Temporary - 50

SECTION 6.3-For redevelopment projects beginning in or after FY 2022, complete the following information about increment projected to be created and actual increment created.

The amount of increment projected to be created at the time of approval of the redevelopment agreement	The amount of increment created as a result of the development to date, for the reporting period, using the same assumptions as was used for the projections used at the time of the approval of the redevelopment agreement
4 N Hickory	
\$268,960 + Annually	Project Under Constrution - Assessment not updated

SECTION 6.4-For redevelopment projects beginning in or after FY 2022, provide the stated rate of return identified by the developer to the municipality and verified by an independent third party, if any:

18.24

SECTION 7 [Information in the following section is not required by law, but may be helpful in evaluating the performance of TIF in Illinois.]

FY 2022

Name of Redevelopment Project Area:

Arlington Heights: Hickory Kensington TIF

Provide a general description of the redevelopment project area using only major boundaries.

Mixed-use area defined by N Douglass Ave from E Miner Street to E Kensington Rd to the west; the southern boundary follows E Northwest Hwy Starting from N Douglass Ave for approximately 670 feet and then runs north to E Kensington Rd where it continues east to N Dryden Ave; the boundaries eastern edge is defined by the first row of parcels along N Dryden Ave from E Kensington Rd to E Wing St; the northern boundary of the district runs from east to west starting at the end point of the eastern edge aapproximately 200 feet east of the intersectin of S Dryden Ave and E Wing St and runs west approximately 1,000 fet to the western side of E Hamline Ln and then travels north 260 feet, then west where it meets N Hickory Ave and then north again until it meets E Miner St. The attached map provides a more detailed visualizatino of the boundaries and tax lots.

Optional Documents	Enclosed
Legal description of redevelopment project area	
Map of District	X

FY 2022

Arlington Heights: Hickory Kensington TIF

Year of Designation	Base EAV	Reporting Fiscal Year EAV
2014	\$ 8,634,983	

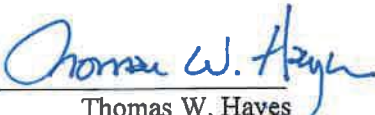
X	Indicate an 'X' if the overlapping taxing districts did not receive a surplus.
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[illegible]

ATTACHMENT B (Hickory Kensington TIF)

I, Thomas W. Hayes, the duly elected Chief Executive Officer, of the Village of Arlington Heights, County of Cook, State of Illinois, and as such, do hereby certify that the Village of Arlington Heights has complied with all requirements pertaining to the Tax Increment Redevelopment Allocation Act for Tax Increment Financing District: Hickory Kensington, during the current municipal fiscal year, January 1, 2021 to December 31, 2021.

June 26, 2022.


Thomas W. Hayes
President Board of Trustees
Village of Arlington Heights

ATTEST:


Becky Hume
Village Clerk

ATTACHMENT C – Legal Counsel Opinion (Hickory Kensington TIF)

June 28, 2023

**Opinion of the Village Attorney of
The Village of Arlington Heights Regarding the Hickory Kensington Redevelopment
Plan and Project Under the Illinois Tax Increment
Allocation Redevelopment Act**

This will confirm that I serve as the Village Attorney of the Village of Arlington Heights, Cook County, Illinois. I have reviewed all information provided to me by the Village TIF Administrator regarding the Village of Arlington Heights Hickory Kensington Redevelopment Plan and Project pursuant to the Illinois Tax Increment Allocation Redevelopment Act (the "Act"). Based on such information, I hereby certify that the Village of Arlington Heights has conformed substantially to all applicable reporting requirements of the Act for the fiscal year ended December 31, 2022 to the best of my knowledge and belief.

Sincerely,



Hart M. Passman

HMP/jss
cc: Michael Lysicatos, TIF Administrator

ATTACHMENT D (Hickory Kensington TIF)

I, Randall Recklaus, Village Manager, do hereby certify that the following activities were undertaken in furtherance of the objectives of the redevelopment plan for Tax Increment Financing District: Hickory Kensington, between January 1, 2022 and December 31, 2022.

1. Continued to work with prospective and current developers.
2. Coordinated plans and implementation of the Campbell Street Public Way.

June 26, 2023



Randall Recklaus
Village Manager

ATTEST:



Becky Hume
Village Clerk

ATTACHMENT E: Redevelopment Agreements (Hickory Kensington TIF)

1. Redevelopment Agreement with 4 North Hickory, LLC



Doc# 1821145024 Fee \$86.00

KAREN A. YARBROUGH

COOK COUNTY RECORDER OF DEEDS

DATE: 07/30/2018 10:52 AM PG: 1 OF 25

**AN ORDINANCE APPROVING A REDEVELOPMENT AGREEMENT
BETWEEN THE VILLAGE OF ARLINGTON HEIGHTS
AND 4 NORTH HICKORY, LLC**

BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF ARLINGTON HEIGHTS:

SECTION ONE: That 4 North Hickory, LLC, is the developer of the property known as the TIF Hickory Kensington Area.

SECTION TWO: That the Redevelopment Agreement by and between the Village of Arlington Heights and 4 North Hickory, LLC, dated June 18, 2018, concerning redevelopment of the property described in Exhibit A of the Agreement, a true and correct copy of which is attached hereto, be and the same is hereby approved.

SECTION THREE: The Village President and Village Clerk are hereby authorized and directed to execute said agreement on behalf of the Village of Arlington Heights.

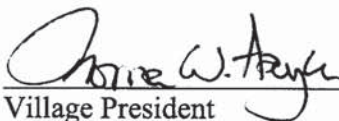
SECTION FOUR: This Ordinance shall be in full force and effect from and after its passage and approval in the manner provided by law and the Agreement shall be recorded by the Village Clerk in the Office of the Recorder of Cook County.

AYES: ROSENBERG, SIDOR, TINGALIA, BALDINO, BLACKWOOD
LABEDZ, HAYES

NAYS: GLASGOW

PASSED AND APPROVED this 18th day of June, 2018.

ATTEST:


Village President


Village Clerk

AGREEMENT RESOLUTIONS: TIF Hickory Kensington Area Redevelopment Agreement



18-024/A18-021

**REDEVELOPMENT AGREEMENT
BETWEEN 4 NORTH HICKORY, LLC AND
THE VILLAGE OF ARLINGTON HEIGHTS**

THIS REDEVELOPMENT AGREEMENT ("Agreement") is dated as of the 18th day of June 2018, by and between the Village of Arlington Heights, an Illinois home rule municipal corporation, with its principal office located at 33 South Arlington Heights Road, Arlington Heights, Illinois 60005 ("Village"), and 4 North Hickory, LLC, an Illinois limited liability company, with its principal office at 3475 Kirchoff Road, Rolling Meadows, Illinois 60008 ("Developer").

WHEREAS, as a home rule unit of government duly organized under the general laws of the State of Illinois, the Village has the power to regulate for the protection of the public health, safety and welfare of its inhabitants, and, pursuant thereto, has the power to prevent the spread of blight, to encourage private development in order to enhance the local tax base, to create employment opportunities, and to enter into contractual agreements with private parties in order to achieve these goals;

WHEREAS, the Village is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, *et seq.*, as amended (the "Act") to finance redevelopment in accordance with the conditions and requirements set forth in the Act;

WHEREAS, the Village prepared a Redevelopment Plan and Project ("Redevelopment Plan") affecting and including the land legally described in the Hickory/Kensington Redevelopment Plan ("Redevelopment Area");

WHEREAS, on July 21, 2014, the Village Board, after giving all notices required by law, and after conducting all public hearings required by law, enacted the following ordinances (collectively, the "TIF Ordinances"):

1. Ordinance No. 14-033, titled "An Ordinance of the Village of Arlington Heights, Cook County, Illinois, Approving a Tax Increment Redevelopment Plan and Redevelopment Project for the Hickory/Kensington Area".
2. Ordinance No. 14-034, titled "An Ordinance of the Village of Arlington Heights, Cook County, Illinois, Designating the Hickory/Kensington Area a Redevelopment Project Area Pursuant to the Real Property Tax Increment Allocation Redevelopment Project Act"; and
3. Ordinance No. 14-035, titled "An Ordinance of the Village of Arlington Heights, Cook County, Illinois, Adopting Tax Increment Allocation Financing for the Hickory/Kensington Area;

WHEREAS, the Developer desires to purchase a portion of land ("Land") located in the Redevelopment Area commonly known as 4 North Hickory Street, Arlington Heights, Illinois, P.I.N.s 03-29-405-003-0000 and 02-29-408-003, legally described on Exhibit A attached hereto and incorporated herein by reference;

WHEREAS, upon its acquisition of the Land, Developer intends to construct a mixed use building as further described in Article I ("Project") on that portion of the Land described on Exhibit A-3 attached hereto and incorporated herein and referred to as the "Property";

RECEIVED

JUN 13 2018

PLANNING & COMMUNITY
DEVELOPMENT DEPARTMENT

A18-021/18-024

WHEREAS, Developer has notified the Village that, given the costs associated with the purchase of the Property and the construction of the Project and the Public Way, the Project will not be possible or feasible without financial assistance from the Village;

WHEREAS, the Village is desirous of fostering the development of the Property to increase its property tax base and the real property tax base of taxing districts of the community and to provide retailer occupation sales tax from the commercial uses of the Property; and

NOW, THEREFORE, in consideration of the promises contained herein and other good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

The representations set forth in the foregoing recitals are a material part of this Agreement and are hereby incorporated into and made a part of this Agreement and constitute representations, warranties and agreements of the respective parties.

After its acquisition of the Land, Developer intends to (a) sell to the Village the northern portion of the Land ("Northern Parcel"), which is legally described on Exhibit A-1 attached hereto and incorporated herein by reference; (b) to construct a public way ("Public Way") on that portion of the Land legally described on Exhibit A-2 attached hereto and incorporated herein by reference, and thereafter convey same to the Village, and (c) construct a five story mixed-use building consisting of approximately 76 residential rental units, a roof top deck for use by the residential tenants, approximately 3435 square feet of retail space on the first floor, as well as 86 indoor parking spaces (to be used exclusively by the residential tenants) and 31 exterior parking spaces. That portion of the Land upon which the Project shall be built is legally described on Exhibit A-3 attached hereto and incorporated herein by reference and shall to as the "Property".

Actual development of the Land is dependent on Developer receiving all required approvals. The Parties understand that the parameters of the Project may be revised in accordance with submittal, review and approval by the Village and in accordance with final construction plans.

ARTICLE II UNDERTAKINGS ON THE PART OF THE VILLAGE

2.1. Purchase of Property. The Village agrees to purchase the Northern Parcel from the Developer for \$700,000. The Northern Parcel shall be conveyed by Developer to the Village via warranty deed at a title company ("Title Company") mutually agreeable to the parties. The Village agrees to pay for its title policy and recording fees. Prior to closing, the Village will have the opportunity to review all environmental studies for the Northern Parcel. In addition, the Village may choose to have its own environmental studies performed on the Northern Parcel. The purchase of the Northern Parcel will not take place unless the Village is satisfied that there are no environmental concerns (after notice from the Village and opportunity to cure by the Developer), the Developer has provided proof that its bank loan for the Project has been obtained and is open, and permits have been issued for the foundations for the building.

2.2. Tax Increment Financing. Tax increment financing, implemented in accordance with the terms and provisions of the Act and this Agreement, is intended to be one of the sources of funding for the Project. In this regard, the Village agrees to maintain a special tax allocation fund ("Special Tax Allocation Fund") for the deposit of incremental property taxes required by the Act and the Plan and approved by the Village into which the Village will deposit incremental real property tax revenues pursuant to Section 2.4 below.

2.3 Annual Reports. The Village shall maintain eligibility of the Hickory/Kensington Redevelopment Project Area to receive tax increment financing through the preparation and maintenance of annual reports and other mandates as may be required by the Act.

2.4. Village Deposits. The Village shall deposit 100% of the incremental property taxes actually received from the Project ("Incremental Property Taxes") in the Hickory Kensington Tax Allocation Fund ("Fund").

2.5 Annual Accounting. The Village has an annual audit conducted on all of its funds. The audit is conducted in accordance with generally accepted accounting principles as applied to Illinois municipalities and in accordance with the provisions of the Act. After it is reviewed and accepted by the Village Board, the annual audit is available on the Village's website.

2.6. Allocation of Incremental Project Property Taxes. The amounts of Incremental Project Property Taxes actually received and deposited from time to time into the Fund by the Village shall be allocated as follows:

a) Up to \$800,000 shall be paid by the Village to Developer to reimburse Developer for costs associated with the construction of the Public Way, including the streetscape. Prior to reimbursement, all costs must be certified, including the cost of the land for the Public Way. The Village may pay up to 90% of the costs as set forth on verified invoices associated with the construction of the Public Way. The Village will make every effort to review all invoices within 20 days and submit appropriate invoices for payment within 30 days after review is complete. One half of the remaining ten percent will be paid only after completion of construction of the Project and the final coat is put on the Public Way. The remaining one half of the ten percent shall be paid only after six months or one winter season has passed since the final coat. The cost for the land for the Public Way will be paid after the Public Way is dedicated and only after review of appropriate documentation as to the cost of the land.

b) For the first eight years after stabilized occupancy during the Term of the Agreement, the Village shall disburse to Developer an annual amount no greater than \$120,000 with a cumulative distribution no greater than \$960,000 ("Maximum Distribution Amount"). This distribution is specifically subject to the Village receipt from Cook County real estate tax increment equal to or greater than the increment generated from this Project and sufficient funds in the TIF account. The first payment shall not be requested until at least 12 months after stabilized occupancy of the Project. The Stabilized Occupancy date shall be 12 months after a Final Certificate of Occupancy has been issued. Annual requests shall be tied to a calendar year – January 1 through December 31.

In order for the Developer to receive any annual payment, the Developer must demonstrate need, which should be tied to the required cash on cash return per Exhibit D, dated 12/14/2017. The Developer shall submit an audited Project Pro Forma for the prior calendar year which includes Income, Expenses, Net Operating Income (NOI) and Debt Service. If the NOI funds are not sufficient to meet the required cash on cash return, then the Village shall provide assistance to supplement the NOI to the extent necessary to meet the cash on cash return up to \$120,000 annually for the first eight years. For purposes of calculating the annual payment, expenses shall be capped at 37% of costs in any single year.

2.7 Payments to Developer. Provided that there is no interference with Developer's completion of the Public Way, the Village reserves the right to inspect all work regarding a submitted request for reimbursement and to examine Developer's records relating to all TIF Eligible Costs. The Village shall have 20 days after the receipt of a written request for reimbursement from Developer to review the requested disbursement of funds. In the event that the Village finds an error in the request for reimbursement or that the work performed is inconsistent with the Plans, the Village shall specify in writing to Developer such error in reasonable detail (each, a "Deficiency Notice") within such 20-day review period. In the event of delivery of a Deficiency Notice to Developer, Developer shall endeavor to correct the work in question prior to approval of the portion of the request affected; provided, however, that all funding related to portions not affected by such error shall be promptly remitted to Developer. If the Village fails to deliver a Deficiency Notice within the 20-day period aforesaid, it shall be conclusively presumed that the Village has approved of the request for reimbursement.

With regard to the disbursement of funds described in Section 2.6(b), for each year during the Term of the Agreement, Developer shall present to the Village a request for payment in the form attached hereto as Exhibit C. The Village shall have 20 days after receipt to review the request and, if it meets all requirements, schedule approval of the requested disbursement of funds within 30 days after the review is complete. Any required payments to school districts shall be made prior to any annual payment due to the Developer.

2.8 Certificate of Completion. In accordance with current Village practice, upon satisfactory completion of construction of the Public Way and satisfactory substantial completion of construction of the Project (as provided for in Section 3.1), the Village shall issue to Developer certificates of completion ("Certificate") certifying that Developer has fulfilled its obligation to complete the Public Way and the Project, as the case may be, in accordance with the terms of the Agreement.

2.9 No Amendment of Redevelopment Plan. The Village agrees that it will not revoke or amend the Redevelopment Plan and the Redevelopment Project Area or any of the ordinances adopted by the Village relating thereto or this Agreement if such revocation or amendment would prevent or materially impair the development of the Project by Developer or interfere with the reimbursement by the Village of the TIF Eligible Costs in accordance with this Agreement.

2.10. Confidentiality. The Village shall keep all information provided to it, pursuant to the terms of this Agreement, confidential between it and Developer and shall not divulge any of said information, without prior written approval of Developer, but shall use such information only for the purposes of this Agreement, unless otherwise provided by law.

2.11 Payment from TIF Increment Only. The amount due under this Agreement is a special limited obligation of the Village and shall be paid solely from TIF funds during the natural life of the Hickory/Kensington TIF Fund. This obligation shall not be secured by the full faith and credit of the Village.

ARTICLE III DEVELOPER'S OBLIGATIONS

3.1. Construction of the Project. Developer agrees to develop and construct the Project in accordance with construction documents and drawings (the "Plans") which shall be approved by the Village consistent with Exhibit F. The Developer has provided to the Village, as part of this Agreement, a Project Timeline as depicted in Exhibit E. This Timeline sets forth the anticipated dates for the following:

- a. Submit for zoning approval
- b. Complete zoning process
- c. Submit permits
- d. Start construction
- e. Complete construction

Within 30 days after substantial completion of the Project, Developer shall deliver to the Village a certification of all costs expended by Developer with regard to construction of the Project; financing costs, including interest assistance, surveys and plans; professional services, such as architectural, engineering and legal, and site preparation of the Property.

3.2 Construction of the Public Way. In order to improve vehicular flow in the neighborhood in which the Project is located, the parties agree that Developer, subsequent to its acquisition of the Land, agrees to construct on a portion of the Land identified on Exhibit A-2 the Public Way in accordance with the Village specifications for construction of public streets. Upon completion of the Public Way, as evidenced by Village acceptance of the construction and payment to Developer of any remaining costs related to the construction of the Public Way, the Developer shall dedicate the Public Way to the Village.

3.3 TIF Eligible Project Costs. A list of TIF eligible costs ("TIF Eligible Costs") relating to the development and construction of the Project and the Public Way is attached hereto as Exhibit B and made a part hereof. This exhibit shall include the actual cost of acquisition for the Public Way, the estimated for the public improvements for the Public Way, and the estimated costs for the streetscape public improvements for the Public Way.

3.4 Receipt of Funds. As set forth in Section 2.6(a) relating to the construction of the Public Way, Developer shall submit written requests for reimbursement of TIF Eligible Costs setting forth the amount for which payment is requested. The request for reimbursement shall be accompanied by such bills, contracts, invoices and lien waivers as the Village shall reasonably require to evidence appropriate payment of the TIF Eligible Costs for which reimbursement is sought; provided, however, the parties agree that delivery by Developer of a Sworn Owner's Statement and a Sworn Contractor's Statement for the work (or portion thereof) regarding the costs of which Developer is seeking reimbursement as a TIF Eligible Cost shall be sufficient evidence to reimbursement of such TIF Eligible Costs. In any event, each request for reimbursement shall include a statement from Developer that each expense mentioned therein has been properly incurred and that, to the best of Developer's knowledge, the work that is the subject of such request for reimbursement has been performed substantially in accordance with the Plans (as defined in Section 3.1).

3.5 Zoning. Developer understands and agrees that development of the Project can only be undertaken in accordance with a planned unit development ordinance ("Planned Unit Development") to be approved by the Village. The Village agrees to cooperate and work expeditiously with Developer regarding the process for the approval of the Planned Unit Development. If the Village Board does not adopt an ordinance approving the Developer's Project, this Agreement shall be null and void.

3.6. Compliance with Applicable Codes. Developer shall comply with all applicable zoning

ordinances and regulations, building codes, fire codes and all other applicable Village ordinances, resolutions and regulations regarding the construction and operation of the Project.

3.7. Compliance with Laws. Developer shall comply or diligently pursue compliance with all applicable laws, rules and regulations of the State of Illinois, the United States of America, codes, ordinances and regulations of the Village and all agencies having jurisdiction over Developer.

3.8. Prevailing Wage Act. Developer acknowledges that, to the extent applicable, regarding the construction of the Public Way, it shall comply with the Illinois Prevailing Wage Act, 820 ILCS 13010.01 *et seq.* ("Act").

3.9. No Gifts. Developer, to the best of its knowledge, covenants that no officer, member, manager or employee of Developer has made, offered or given, either directly or indirectly, to any member of the corporate authorities, or any officer, employee or agent of the Village, any money or anything of value as a gift or bribe or other means of influencing his or her action in his or her capacity with the Village.

3.10. Conflicts of Interest. Pursuant to Section 5/11-74.14-4(n) of the Act, 65 ILCS 5/11-74.4-4(n), Developer represents, warrants and covenants that, to the best of its knowledge, no member, official, or employee of the Village, or any consultant hired by the Village or Developer with respect thereto, owns or controls, has owned or controlled or will own or control any interest in the Property, and no such person shall represent any person, as agent or otherwise, who owns or controls, has owned or controlled, or will own or control any interest, direct or indirect, in Developer's business or the Property.

**ARTICLE IV
TERM AND TERMINATION OF AGREEMENT**

4.1. Term of the Agreement. The Term of the Agreement ("Term of the Agreement") shall commence on the Execution Date and shall terminate upon the last payment of TIF Funding by the Village to Developer pursuant to this Agreement.

4.2. Termination upon Incentive Cap. In the event the Village's Maximum Distribution Amount of \$960,000 is met prior to the expiration of the Term of the Agreement pursuant to Section 4.1, this Agreement shall automatically terminate upon said Village Maximum Distribution Amount being paid to Developer.

**ARTICLE V
RESTRICTIONS**

Developer shall adhere to a policy of equal opportunity for employment by Developer regarding the construction and operation of the Project and will not discriminate against any employee or applicant for employment on the basis of race, color, religion, sexual orientation, gender or national origin. Developer shall take affirmative action to ensure that applicants are employed and that employees are treated during employment by Developer without regard to race, color, religion, sexual orientation, gender or national origin. The parties understand and agree that this covenant being made by Developer to the Village does not include any representation by Developer regarding the actions of the commercial tenants at the Project.

**ARTICLE VI
AUTHORIZATION AND ENFORCEABILITY**

6.1. Village Authority. The execution, delivery and performance of this Agreement has been duly and validly authorized by all necessary action on the part of the Village's Board of Trustees, including, without limitation, adoption of an appropriate resolution authorizing execution of this Agreement.

6.2. Developer Authority. Developer hereby represents to the Village that it has full power to execute, deliver and perform the terms and obligations of this Agreement; and that this Agreement constitutes the legal, valid and binding obligation of Developer, enforceable in accordance with its terms.

6.3. Developer Existence. During the Term of the Agreement, Developer shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence and standing as an Illinois limited liability company, so long as Developer maintains an interest in the Property or has any other remaining obligation pursuant to the terms of this Agreement.

6.4. Relationship of the Parties. Nothing in this Agreement shall be deemed or construed by the parties as creating the relationship of principal and agent, or of any partnership or joint venture.

6.5. Non-Conflict or Breach. Neither the execution and delivery of this Agreement by Developer, the consummation of the transactions contemplated hereby by Developer, nor the

fulfillment of or compliance with the terms and conditions of this Agreement by Developer conflicts with or will result in a breach of any of the terms, conditions or provisions of any offerings or disclosure statement made or to be made on behalf of Developer (with Developer's prior written approval), any organizational documents, any restriction, agreement or instrument to which Developer or any of its partners or ventures is now a party or by which Developer or any of its partners or its ventures is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the assets or rights of Developer, any related party or any of its ventures under the terms of any instrument or agreement to which Developer, any related party or any of its partners or ventures is now a party or by which Developer, any related party or any of its ventures is bound.

ARTICLE VII DEFAULTS

7.1. **Timely Performance.** Failure or delay by any party to timely perform any representation, warranty, covenant, agreement, term or condition of this Agreement after written notice thereof shall constitute an "event of default" under this Agreement. The party who so fails or delays must, upon receipt of written notice of the existence of such event of default, immediately commence to cure, correct or remedy such event of default and thereafter proceed with diligence to cure such event of default. The party claiming such event of default shall give written notice of the claimed event of default to the other party, specifying the event of default. Unless an event of default is cured in full within 30 days after service of notice by the party, unless as otherwise provided in Section 7.2, that party shall be relieved of any and all of its obligations arising pursuant to this Agreement, and such obligations shall be immediately canceled and without any force or effect.

7.2. **Cure of Default.** If such event of default is cured within such 30 day period, the event of default shall not be deemed to constitute a default under this Agreement. If the event of default is one which cannot reasonably be cured within such 30 day period, upon request, the cure period shall be extended for such time as is reasonably necessary for the curing of the same, so long as there is diligent proceeding to cure such event of default. If such event of default is cured within such extended period, the default shall not be deemed to constitute a default under this Agreement. However, an event of default not cured as provided in this Article VII shall constitute a default under this Agreement. Except as otherwise expressly provided in this Agreement, any failure or delay by either party in asserting any of its rights or remedies as to any event of default or default shall not operate as a waiver of any such event of default or default of any rights or remedies it may have as a result of such event of default or default.

7.3. **Enforcement of Default.** In the event of a default, the non-defaulting party may take whatever action at law or in equity as may appear necessary or desirable to enforce the performance and observance of any obligation, covenant or agreement. Upon an occurrence of an event of default, the defaulting party shall reimburse the non-defaulting party for all costs incurred in seeking to enforce such obligation, covenant or agreement, including but not limited to costs incurred by use of its employees and attorneys.

ARTICLE VIII RELEASE AND INDEMNIFICATION

8.1. Release and Indemnification. The indemnifications and covenants contained in this Article shall survive termination or expiration of this Agreement for a period of two years following the expiration of the Term of the Agreement.

8.2. Hold Harmless. Developer shall hold harmless, indemnify and defend the Village and its governing body members, officers, agents, employees and independent contractors from and against all claims, causes of action and suits of every kind and nature, including liabilities, damages costs, expenses and reasonable attorney's fees brought by third parties arising from any and all conduct of Developer, its independent contractors, officers, agents, employees, representatives or any other person in connection with the construction and operation of the Project, other than that caused by the negligent acts of the Village.

8.3. Liability of Village. Except for the negligent actions of the Village, the Village and its governing body members, officers, agents, employees and independent contractors shall not be liable for any damage or injury to the persons or property of Developer or its officers, agents, employees, independent contractors or any other persons who may be about the Property or with regard to the construction and/or operation of the Project.

8.4. Representatives Not Personally Liable. No elected or appointed official, agent, employee or representative of the Village shall be personally liable to Developer in the event of any default or breach by any party under this Agreement, or for any amount which may become due to any party or on any obligations under the terms of this Agreement.

8.5. Covenant Not to Sue. Developer covenants and agrees that no recourse under or upon any obligation or agreement contained herein or for any claim based thereon shall be had against the Village, its officers, agents, attorneys, representatives or employees in any amount in excess of any specific sum agreed by the Village to be paid hereunder, subject to the terms and conditions contained herein, and no liability, right or claim at law or in equity shall attach to or shall be incurred by the Village, its officers, agents, attorneys, representatives or employees in excess of such amounts, all and any such rights or claims against the Village, its officers, agents, attorneys, representatives or employees are hereby expressly waived and released as a condition of and as consideration for the execution of this Agreement by the Village.

ARTICLE IX MISCELLANEOUS PROVISIONS

9.1. Entire Agreement. This Agreement (together with the exhibits attached hereto) is the entire contract between the Village and Developer relating to the subject matter hereof, supersedes all prior and contemporaneous negotiations, understandings, and agreements, written or oral, between the Village and Developer regarding the Property, and may not be modified or amended except by a written instrument executed by both of the parties hereto. Each party acknowledges that no representation or warranties have been made which have not been set forth herein.

9.2. Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement intended to relieve or discharge the obligation or liability of any third person to either the Village or Developer, nor shall any provision give any third parties any rights of subrogation or action over or against either the Village or the Developer. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

9.3. Counterparts. Any number of counterparts of this Agreement may be executed and delivered and each shall be considered an original and together they shall constitute one (1) Agreement.

9.4. Special and Limited Obligations. This Agreement shall constitute a special and limited obligation of the Village according to the terms hereof. This Agreement shall never constitute a general obligation of the Village to which its credit, resources or general taxing power are pledged. The Village pledges to the payment of its obligations hereunder solely and only from the Incremental Property Tax revenues set forth herein, if, as and when received and not otherwise.

9.5. Time and Force Majeure. Time is of the essence of this Agreement; provided, however, neither Developer nor the Village shall be deemed in default with respect to any performance obligations under this Agreement or their respective parts to be performed if any such failure to timely perform is due in whole or in part to the following (which, if claimed in writing, delivered within 30 days of the event giving rise to constitute an "unavoidable delay"): acts of nature, fires, floods, explosions, riots, wars, hurricane, sabotage terrorism, vandalism, accident, restraint of government, governmental acts or omissions, newly enacted governmental restriction, regulation or control, injunctions, failure of suppliers, subcontractors, and/or carriers, shortage or delays in delivery or materials, labor strikes and other like events that are beyond the reasonable anticipation and control of Developer or the Village.

9.6. Waiver. Any party to this Agreement may elect to waive any right or remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless such waiver is in writing. No such waiver shall obligate the waiver of any other right or remedy hereunder or shall be deemed to constitute a waiver of other rights and remedies provided pursuant to this Agreement.

9.7. Severability. If any section, subsection, term or provision of this Agreement or the application thereof to any party or circumstances shall, to any extent, be invalid or unenforceable, the remainder of such section, subsection, term or provision of this Agreement or the application of the same to parties or circumstances other than those to which it is held invalid or unenforceable shall not be affected thereby.

9.8. Notices. All notices, demands, requests, consents, approvals or other communications or instruments required or otherwise given under this Agreement shall be in writing and shall be executed by the party or an officer, agent or attorney of the party, and shall be deemed to have been effective as of the date of actual delivery, if delivered personally or by telecommunication actually received, or as of the third day from and including date of posting, if mailed by registered or certified mail, return receipt requested, with postage prepaid, addressed as follows, unless another address is provided in writing:

To Developer: 4 North Hickory, LLC
Attn: Ben Pecoraro
3475 Kirchoff Road
Rolling Meadows, Illinois 60008
(847)773-7136

With a copy to: Guido Neri
444 N. Northwest Highway, Suite 355
Park Ridge, Illinois 60068
(847) 825-9400

And to: Fisher Cohen Waldman Shapiro, LLP
Attn: Mark Lenz
1247 Waukegan Rd #100
Glenview, Illinois 60025
(224) 260-3090

To the Village: Village of Arlington Heights
Attn: Village Manager
33 North Arlington Heights Road
Arlington Heights, Illinois 60005
(847) 368-5000

9.9. Successor in Interest. The Agreement shall be binding upon and to the benefit of the parties hereto and their respective authorized successors and assigns; provided, however, that Developer may not assign its right under this Agreement without the express written approval of the Village which shall not be unreasonably withheld.

9.10. Caption, The caption, section and article headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.11. Governing Law. This Agreement shall be construed and interpreted under the laws of the State of Illinois. This Agreement shall be taken and deemed to have been fully executed, made by the parties in, and governed by the laws of the State of Illinois for all purposes and intents.

9.12 Mutual Assistance. The Village and Developer agree to take such action, including the execution and delivery of such documents, instruments, petitions and certifications (and, in the Village's case, the adoption of such ordinances and resolutions), supplemental hereto as may reasonably be necessary or appropriate to carry out the terms, provisions and intent of this Agreement and to aid and assist each other in carrying out said terms, provisions and intent to the extent legally permitted.

9.13. Conflict of Interest. No member of the Board of Trustees, or any branch of the Village's government who has any power of review or approval of any of Developer's undertakings shall participate in any decisions relating thereto which affect that member's personal interests or the interests of any corporation or partnership in which that member is directly or indirectly interested.

IN WITNESS WHEREOF, the Village and Developer have caused this Agreement to be executed in their respective names and the Village has caused its seal to be affixed thereto, and attested as to the date first above written.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Attest:

By: Thomas W. Hayes
Name: Thomas W. Hayes
Its: Village President

By: Rebecca Hume Name:
Rebecca Hume
Its: Village Clerk

Date: June 18, 2018

4 NORTH HICKORY, LLC

By: [Signature]
Name: Edward E. Hayes Name:
Its: MANAGER

Attest:

By: [Signature]

Date: June 12, 2018

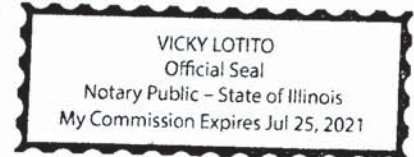


EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

PARCEL 1:

LOTS 31 TO 36 BOTH INCLUSIVE IN BLOCK 2 IN DUNTON AND BIGSBY ADDITION TO ARLINGTON HEIGHTS, A SUBDIVISION OF THE WEST 960 FEET OF THE SOUTH WEST $\frac{1}{4}$ OF THE SOUTH EAST $\frac{1}{4}$ OF SECTION 29, TOWNSHIP 42 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THAT PART OF BLOCK 3 IN DUNTON AND BIGSBY ADDITION TO ARLINGTON HEIGHTS AFORESAID, EXCEPT THAT PART OF SAID BLOCK 3 CONDEMNED FOR ROAD IN COUNTY COURT OF COOK COUNTY, ILLINOIS, AS CASE NO. 50638 DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTH WEST CORNER OF SAID BLOCK, THENCE RUNNING NORTH ALONG THE WEST LINE OF SAID OF BLOCK 11.78 FEET; THENCE EASTERLY ALONG THE ARC OF THE CIRCLE OF 1017.14 FEET RADIUS CONVEX TO THE SOUTH WEST TO A POINT IN THE SOUTH LINE OF SAID BLOCK THAT IS SOUTH 154.35 FEET TO THE POINT OF BEGINNING, ALSO OF THE SOUTH $\frac{1}{2}$ OF ALL THAT PART OF PEORIA STREET (NOW KNOWN AS CAMPBELL STREET) LYING BETWEEN THE EAST LINE OF WESTERN AVENUE (NOW KNOWN AS DOUGLAS AVENUE) AND WEST LINE OF EVERGREEN AVENUE (NOW KNOWN AS HICKORY AVENUE) IN DUNTON AND BIGSBY ADDITION TO ARLINGTON HEIGHTS AFORESAID NORTH AND ADJOINING BLOCK 3, AND THE NORTH $\frac{1}{2}$ OF ALL THAT PART OF PEORIA STREET (NOW KNOWN AS CAMPBELL STREET) LYING BETWEEN THE EAST LINE OF WESTERN AVENUE (NOW KNOWN AS DOUGLAS AVENUE) AND THE WEST LINE OF EVERGREEN AVENUE (NOW KNOWN AS HICKORY AVENUE) IN DUNTON AND BIGSBY ADDITION TO ARLINGTON HEIGHTS AFORESAID SOUTH AND ADJOINING LOT 36 IN BLOCK 2 ALL LYING EAST OF A LINE DESCRIBED AS FOLLOWS: COMMENCING AT A POINT OF THE SOUTH LINE OF SAID BLOCK 3 AT THE GAUGE OF WEST RAIL OF EXISTING SWITCH TRACK OF CHICAGO AND NORTHWESTERN RAILROAD COMPANY, SAID POINT BEING 120.89 FEET EAST (MEASURED ALONG THE SAID SOUTH LINE OF SAID BLOCK 3) OF THE SOUTH WEST CORNER OF SAID BLOCK 3; THENCE NORTH 373.11 FEET ALONG A LINE (BEING SAID GAUGE) WHICH EXTENDED NORTH INTERSECTS THE CENTER OF SAID VACATED CAMPBELL STREET AT A POINT 122.30 FEET EAST (MEASURED ALONG THE CENTER OF SAID VACATED CAMPBELL STREET) OF WEST LINE OF SAID BLOCK 3 EXTENDED NORTH; THENCE EAST PERPENDICULAR TO THE LAST DESCRIBED COURSE A DISTANCE OF 3 FEET; THENCE NORTH PERPENDICULAR TO LAST DESCRIBED COURSE 8.64 FEET; THENCE WEST PERPENDICULAR TO LAST DESCRIBED COURSE 3 FEET; THENCE NORTH 28.25 FEET TO CENTER OF VACATED CAMPBELL STREET AT SAID POINT 122.30 FEET EAST (MEASURED ALONG CENTER OF VACATED CAMPBELL STREET) OF THE WEST LINE OF SAID BLOCK 3 EXTENDED NORTH; THENCE EAST 12.70 FEET ALONG CENTER OF SAID VACATED CAMPBELL STREET: THENCE NORTH 25 FEET TO SOUTH WEST CORNER OF LOT 36 IN BLOCK 2 IN DUNTON AND BIGSBY ADDITION AFORESAID, ALL IN COOK COUNTY, ILLINOIS

EXHIBIT A-1

Legal Description of Land sale to Village

THAT PART OF LOTS 31 TO 36 BOTH INCLUSIVE IN BLOCK 2 IN DUNTON AND BIGSBY ADDITION TO ARLINGTON HEIGHTS, A SUBDIVISION OF THE WEST 960 FEET OF THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 29, TOWNSHIP 42 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 31, ALSO BEING A POINT ON THE WEST RIGHT-OF-WAY LINE OF HICKORY AVENUE (FORMERLY KNOWN AS EVERGREEN AVENUE); THENCE SOUTH 00 DEGREES 07 MINUTES 25 SECONDS EAST, ALONG SAID WEST RIGHT-OF-WAY LINE, A DISTANCE OF 141.92 FEET, TO A LINE 8.00 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID LOT 36; THENCE NORTH 89 DEGREES 51 MINUTES 02 SECONDS WEST, ALONG SAID PARALLEL LINE, A DISTANCE OF 135.04 FEET, TO THE WEST LINE OF SAID LOT 36; THENCE NORTH 00 DEGREES 07 MINUTES 48 SECONDS WEST, ALONG SAID WEST LINE OF LOT 36 AND WEST LINE OF LOTS 35, 34, 33, 32 AND 31, A DISTANCE OF 142.00 FEET, TO THE NORTHWEST CORNER OF LOT 31; THENCE SOUTH 89 DEGREES 48 MINUTES 50 SECONDS EAST, ALONG NORTH LINE OF SAID LOT 31, A DISTANCE OF 135.05 FEET TO THE POINT OF BEGINNING IN COOK COUNTY, ILLINOIS.

CONTAINING 0.440 ACRES OR 19,171 SQUARE FEET MORE OR LESS.

ALSO TO BE KNOWN AS LOT 2 IN 4 NORTH SUBDIVISION, BEING A SUBDIVISION OF THAT PART OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 18, TOWNSHIP 41 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, COOK COUNTY, ILLINOIS.

EXHIBIT A-2

Legal Description of Campbell Street Right of Way

THAT PART OF LOT 36 IN BLOCK 2 AND BLOCK 3 ALL IN DUNTON AND BIGSBY ADDITION TO ARLINGTON HEIGHTS, A SUBDIVISION OF THE WEST 960 FEET OF THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 29, TOWNSHIP 42 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, TOGETHER WITH THAT PART OF VACATED CAMPBELL STREET PER DOCUMENT NUMBER 15547124 (PREVIOUSLY KNOWN AS PEORIA STREET) DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST RIGHT-OF-WAY LINE OF HICKORY AVENUE (FORMERLY KNOWN AS EVERGREEN AVENUE) AND A LINE 8.00 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID LOT 36 IN BLOCK 2; THENCE SOUTH 00 DEGREES 07 MINUTES 25 SECONDS EAST, ALONG SAID WEST RIGHT-OF-WAY LINE, A DISTANCE OF 66.00 FEET, TO A LINE 8.00 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF SAID BLOCK 3; THENCE NORTH 89 DEGREES 51 MINUTES 02 SECONDS WEST, ALONG SAID PARALLEL LINE, A DISTANCE OF 144.94 FEET; THENCE NORTH 00 DEGREES 10 MINUTES 38 SECONDS EAST, A DISTANCE OF 4.75 FEET; THENCE NORTH 89 DEGREES 49 MINUTES 22 SECONDS WEST, ALONG A LINE PERPENDICULAR TO THE LAST DESCRIBED COURSE, A DISTANCE OF 3.00 FEET, TO LINE WHICH EXTENDED NORTH INTERSECTS THE CENTER OF VACATED CAMPBELL STREET PER DOCUMENT NUMBER 15547124 AT A POINT 122.30 FEET EAST (MEASURED ALONG THE CENTER OF SAID VACATED CAMPBELL STREET) OF WEST LINE OF SAID BLOCK 3 EXTENDED NORTH; THENCE NORTH 00 DEGREES 10 MINUTES 38 SECONDS EAST, ALONG SAID LINE, A DISTANCE OF 28.25 FEET, TO THE CENTER LINE OF VACATED CAMPBELL STREET; THENCE SOUTH 89 DEGREES 51 MINUTES 02 SECONDS EAST, ALONG SAID CENTER LINE, A DISTANCE OF 12.73 FEET, TO A SOUTHERLY EXTENSION OF THE WEST LINE OF SAID LOT 36; THENCE NORTH 00 DEGREES 07 MINUTES 48 SECONDS WEST, ALONG SAID SOUTHERLY EXTENSION LINE, A DISTANCE OF 33.00 FEET, TO A LINE 8.00 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID LOT 36 IN BLOCK 2; THENCE SOUTH 89 DEGREES 51 MINUTES 02 SECONDS EAST, ALONG SAID PARALLEL LINE, A DISTANCE OF 135.04 FEET TO THE POINT OF BEGINNING IN COOK COUNTY, ILLINOIS.

CONTAINING 0.214 ACRES OR 9,321 SQUARE FEET MORE OR LESS.

EXHIBIT A-3

Legal Description of Developer Site

THAT PART OF BLOCK 3 IN DUNTON AND BIGSBY ADDITION TO ARLINGTON HEIGHTS, A SUBDIVISION OF THE WEST 960 FEET OF THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 29, TOWNSHIP 42 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST RIGHT-OF-WAY LINE OF HICKORY AVENUE (FORMERLY KNOWN AS EVERGREEN AVENUE) AND A LINE 8.00 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF SAID BLOCK 3; THENCE SOUTH 00 DEGREES 07 MINUTES 25 SECONDS EAST, ALONG SAID WEST RIGHT-OF-WAY LINE, A DISTANCE OF 276.94 FEET, TO THE SOUTHEAST CORNER OF SAID BLOCK 3, ALSO BEING A POINT ON THE NORTH RIGHT-OF-WAY LINE OF KENSINGTON ROAD (FORMERLY KNOWN AS FOUNDRY ROAD), ALSO BEING A SOUTH LINE OF SAID BLOCK 3; THENCE NORTH 89 DEGREES 47 MINUTES 26 SECONDS WEST, ALONG SAID NORTH RIGHT-OF-WAY LINE, A DISTANCE OF 115.65 FEET TO A POINT IN THE SOUTH LINE OF SAID BLOCK THAT IS 154.35 EAST OF THE SOUTHWEST CORNER OF SAID BLOCK, SAID POINT BEING THE EAST POINT OF PART OF SAID BLOCK 3 CONDEMNED FOR ROAD IN COUNTY COURT OF COOK COUNTY, ILLINOIS AS CASE NO. 50638; THENCE WESTERLY, A DISTANCE OF 33.75 FEET ALONG THE ARC OF A NON-TANGENT CIRCLE TO THE RIGHT HAVING A RADIUS OF 1017.14 FEET AND WHOSE CHORD BEARS NORTH 88 DEGREES 50 MINUTES 38 SECONDS WEST, A DISTANCE OF 33.75 FEET TO A POINT; THENCE NORTH 00 DEGREES 10 MINUTES 38 SECONDS EAST, ALONG A LINE WHICH EXTENDED NORTH INTERSECTS THE CENTER LINE OF VACATED CAMPBELL STREET PER DOCUMENT NUMBER 15547124 AT A POINT 122.30 FEET EAST (MEASURED ALONG THE CENTER OF SAID VACATED CAMPBELL STREET) OF WEST LINE OF SAID BLOCK 3 EXTENDED NORTH, A DISTANCE OF 272.33 FEET; THENCE SOUTH 89 DEGREES 49 MINUTES 22 SECONDS EAST, ALONG A LINE PERPENDICULAR TO THE LAST DESCRIBED COURSE, A DISTANCE OF 3.00 FEET; THENCE NORTH 00 DEGREES 10 MINUTES 38 SECONDS EAST, ALONG A LINE PERPENDICULAR TO THE LAST DESCRIBED COURSE, A DISTANCE OF 3.89 FEET TO A LINE 8.00 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF SAID BLOCK 3; THENCE SOUTH 89 DEGREES 51 MINUTES 02 SECONDS EAST, ALONG SAID PARALLEL LINE, A DISTANCE OF 144.94 FEET TO THE POINT OF BEGINNING IN COOK COUNTY, ILLINOIS.

CONTAINING 0.944 ACRES OR 41,142 SQUARE FEET MORE OR LESS.

ALSO TO BE KNOWN AS LOT 1 IN 4 NORTH SUBDIVISION, BEING A SUBDIVISION OF THAT PART OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 18, TOWNSHIP 41 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, COOK COUNTY, ILLINOIS.

EXHIBIT B
TIF eligible Costs

LAND ACQUISITION: \$2,268,000

IMPROVEMENTS FOR DEDICATED STREET \$582,000

EXCAVATION: \$220,000

ARCHITECTURAL FEES: \$167,000

ENGINEERING FEES: \$94,000

ENVIRONMENTAL REMEDIATION: \$130,000

LEGAL FEES: \$55,000

TITLE COSTS: \$20,000

INTEREST CARRY ON FINANCING: \$460,000

APPRAISALS: \$28,000

MARKETING COSTS: \$186,000

EXHIBIT C

Request for Payment Form

Pursuant to the Redevelopment Agreement between 4 North Hickory LLC and the Village of Arlington Heights, the following request for funds pursuant to Section 2.6.B of the Agreement is submitted as follows: (must be accompanied by certified audited documents)

Calendar Year January 1 to December 31, _____

Funds Requested: \$ _____ .00

Rental Income

Residential: \$ _____

Commercial: \$ _____

Parking: \$ _____

Other: \$ _____

Total: \$ _____

Operating Expenses Itemized (list all operating expenses)

Total: \$ _____

Annual Net Operating Income: \$ _____

Interest Payments on Debt: \$ _____

Principal Payments on Debt: \$ _____

Total Annual Debt Service: \$ _____

Cash on Cash Return: \$ _____

Assumptions

New 76 unit mixed use development.
86 indoor parking spaces on ground floor and basement levels.
32 outdoor parking spaces
3,450sf of ground commercial retail space.

Residential	7 Studio units @ 570sf.	3,991 sf
	12 Junior 1 Bedroom units @ 618sf.	7,412 sf
	35 1-Bedroom units @ 732sf.	25,632 sf
	22 2-Bedroom units @ 1,051sf.	23,135 sf
	Common Area (floors 2 thru 5)	12,023 sf
	Common Area (ground floor & basement)	4,032 sf
	Ground Floor Commercial Area	3,450 sf
	Total Residential Area	79,675 sf
Parking (Indoor)	37 indoor parking spaces (ground floor)	14,031 sf
	49 indoor parking spaces (basement level)	17,482 sf
	Total Parking space Area	31,513 sf

Acquisition

Land Acquisition	Acquisition Costs	2,100,000
	Sales Commission (5%)	105,000
	Closing & Legal Fees (3%)	63,000
	Total Acquisition Costs	2,268,000

Construction Hard Costs

Off Site Improvements	505,500
Land Improvements	774,232
Structures Hard Costs	12,177,518
General Requirements	643,863
Builders OH&P	1,128,089
Total	15,229,202

Development Soft Costs

Permits, Fees, etc.	587,000
Architectural & Engineering Fees (Incl. Supervision)	307,333
P & P Bond Premium	120,676
R.E. Taxes During construction	100,000
Interest During Construction	500,145
HUD & Lender Fees	387,319
HUD Closing Costs	141,224
Initial Operating Deficit	505,197
Developer's Fee	805,844
Marketing & Lease up	673,596
Total	4,128,334

Total Project Costs

Acquisition Costs	2,268,000
Construction Hard Costs	15,229,202
Development Soft Costs	4,128,334
Total	21,625,536

Source of Funds

HUD Loan	16,839,900
Sale of Land to Arlington Heights	700,000
Tiff Assistance for OffSite Improvements & Street	800,000
Deferred Developer's Fee	805,844
Deferred Builder's OH&P (80% of fee will be deferred)	902,471
Investor Equity	1,577,321
Total	21,625,536

12/14/2017

Operating Income

		\$2.25	\$2.32	\$2.39	\$2.46	\$2.53	\$2.61	\$2.69	\$2.77	\$2.85	\$2.94
Average Monthly Rent/sf											
Gross potential rent, monthly	60,170	135,853	139,444	143,827	147,939	152,874	156,945	161,859	166,803	171,499	175,843
Occupancy Rate	95%	128,613	132,472	136,446	140,539	144,755	149,098	153,571	158,178	162,924	167,811
Indoor Parking Income		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Total net monthly income		138,613	142,472	146,446	150,539	154,755	161,098	165,571	170,178	174,924	179,811
Net Annual Income		1,663,351	1,709,661	1,757,351	1,806,472	1,857,064	1,933,178	1,986,853	2,042,139	2,099,083	2,157,735
Operating Expenses	37%	(615,443)	(632,575)	(650,220)	(668,395)	(687,114)	(715,276)	(735,136)	(755,591)	(776,661)	(798,362)
Commercial Income NNN		75,900	75,900	75,900	75,900	75,900	75,900	75,900	75,900	75,900	75,900
Annual TIF Assistance		120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Annual Net Operating Income		1,243,817	1,272,987	1,303,031	1,333,977	1,365,851	1,427,602	1,461,417	1,496,247	1,412,122	1,449,073

Debt Service

DSCR		1.37	1.40	1.43	1.47	1.50	1.57	1.61	1.65	1.55	1.60
Annual Interest		754,849	747,862	740,191	732,480	724,874	716,917	707,071	697,819	688,141	678,039
Annual Principal Reduction		153,823	160,889	168,280	176,011	184,097	192,554	201,400	210,653	220,330	230,452
Total Annual Debt Service		908,471	908,471	908,471	908,471	908,471	908,471	908,471	908,471	908,471	908,471

Annual Cash Flow

Cash on Cash Return		835,348	864,615	894,860	925,506	957,380	919,181	882,946	847,776	803,851	760,602
Principal Reduction		153,823	160,889	168,280	176,011	184,097	192,554	201,400	210,653	220,330	230,452
Total Annual Cash Flow		489,168	525,405	562,840	601,517	641,477	711,685	754,347	798,429	723,981	771,054

Depreciation Expense

Total Annual Cash Flow		489,168	525,405	562,840	601,517	641,477	711,685	754,347	798,429	723,981	771,054
Total Annual Depreciation (31.5yrs)		(614,525)	(614,525)	(614,525)	(614,525)	(614,525)	(614,525)	(614,525)	(614,525)	(614,525)	(614,525)
Net Taxable Income		(125,356)	(89,120)	(51,685)	(13,008)	26,952	97,160	139,822	183,904	109,456	156,529

Project Equity

Cap Rate Based Value		19,135,648	19,664,410	20,048,634	20,522,726	21,013,100	21,963,108	22,483,946	23,019,191	21,724,957	22,293,436
Less Investor Equity		(1,577,321)	(1,577,321)	(1,577,321)	(1,577,321)	(1,577,321)	(1,577,321)	(1,577,321)	(1,577,321)	(1,577,321)	(1,577,321)
Less Deferred Developer's Fee		(805,844)	(805,844)	(805,844)	(805,844)	(805,844)	(805,844)	(805,844)	(805,844)	(805,844)	(805,844)
Less Deferred Builder's OH&P		(902,471)	(902,471)	(902,471)	(902,471)	(902,471)	(902,471)	(902,471)	(902,471)	(902,471)	(902,471)
Less Principal Balance		(18,686,077)	(18,628,168)	(18,366,906)	(18,180,897)	(18,068,800)	(18,504,245)	(18,602,845)	(18,362,192)	(18,171,862)	(18,941,411)
Total Realized Equity		(836,065)	(226,415)	404,090	1,056,193	1,730,664	2,873,227	3,594,865	4,341,363	3,267,459	4,066,389

Exhibit E – Estimated Time Line for Project

Submit for Zoning Approvals:	March 2018
Complete Zoning Approvals:	July 2018
Submit Building Permits:	August 2018
Start Construction:	October 2018
Complete Construction:	December 2019



1702
02.01.18
AC-17

1
AC-17

View looking West

SCALE 1" = 1'-0"

N E R I

ARCHITECTS,

444 N. 40th Street, Suite 110
Phoenix, AZ 85018
Tel: 602.252.1000



1702

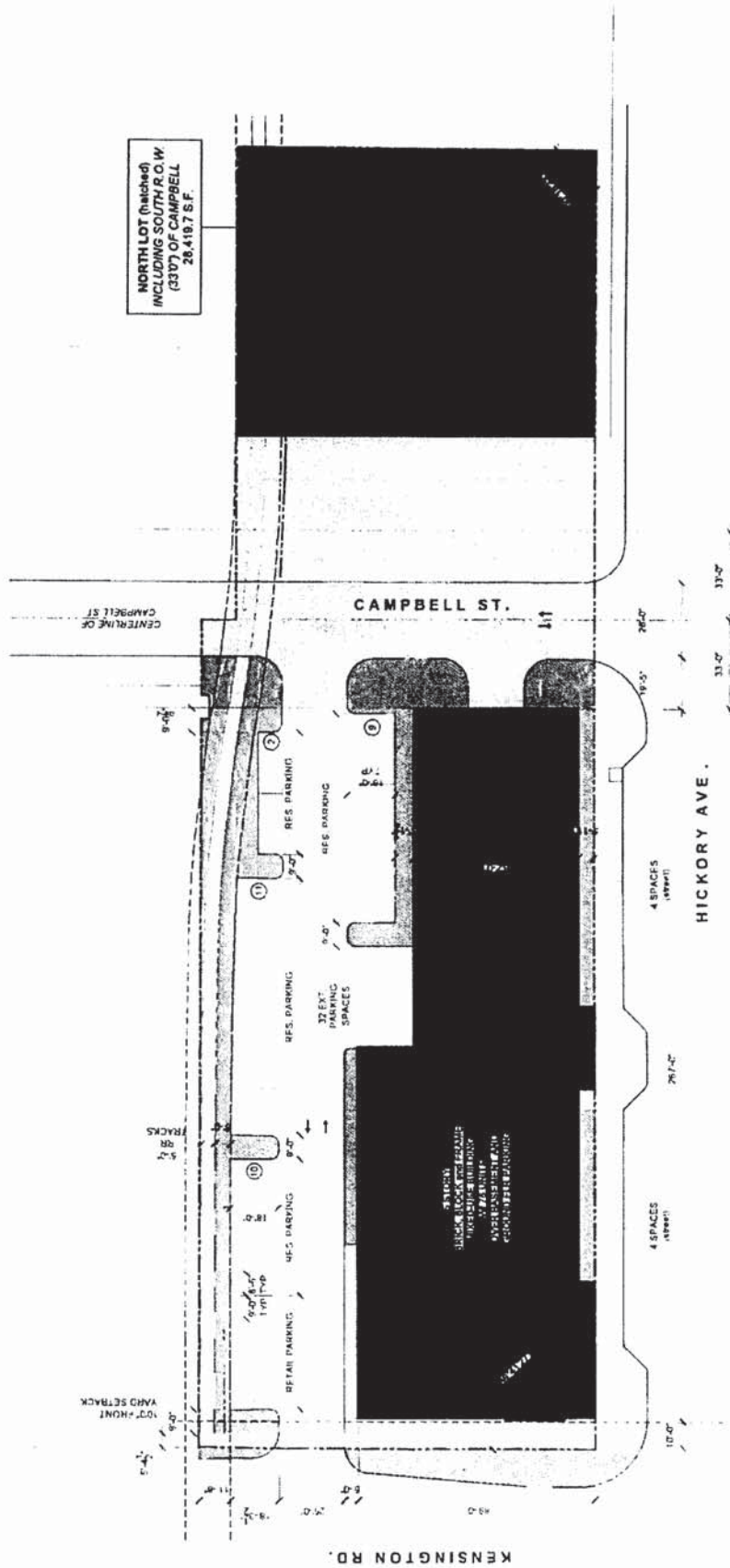
02.01.18

AC-17

1 View looking West
AC-17 SCALE 1/8" = 1'-0"

N E R I
ARCHITECTS,

442 N. WILSON ST. SUITE 200
ANN ARBOR, MI 48106
TEL 947.531.8800



CONCEPTUAL SITE PLAN

SCALE: 1" = 40'-0"



NERI
ARCHI

ARCHITECTS

444 N. MONTGOMERY WAY, BLD 330
PARK BUYS B. 60-40
SAN JOSE, CA 95128



Village of Arlington Heights

33 South Arlington Heights Road
Arlington Heights, Illinois 60005-1499
(847) 368-5000
Website: www.vah.com

June 19, 2018

4 North Hickory, LLC
Attn: Ben Pecoraro
3475 Kirchoff Road
Rolling Meadows, Illinois 60008

RE: RDA for 4 North Hickory

Dear Ben:

Please find enclosed a signed original of the Redevelopment Agreement for the property at 4 N. Hickory in Arlington Heights, IL. I have also sent copies to Guido Neri and Mark Lenz.

I look forward to working with your team on this exciting project.

Thank you.

Sincerely,

Bill Enright

Deputy Director Planning and Community Development

C: Guido Neri
Mark Lenz

ATTACHMENT F and K (Hickory Kensington TIF)

SEE ATTACHED

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**BALANCE SHEET
TAX INCREMENT FINANCING FUND
HICKORY KENSINGTON TIF**

December 31, 2022

ASSETS	
Cash and cash equivalents	\$ 3,913,490
Property taxes receivable	820,311
Accrued interest receivable	<u>1,971</u>
TOTAL ASSETS	<u>\$ 4,735,772</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
None	<u>\$ -</u>
Total liabilities	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>650,000</u>
Total liabilities and deferred inflows of resources	<u>650,000</u>
FUND BALANCE	
Restricted for community development	<u>4,085,772</u>
Total fund balance	<u>4,085,772</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 4,735,772</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
TAX INCREMENT FINANCING FUND
HICKORY KENSINGTON TIF**

For the Year Ended December 31, 2022

REVENUES

Property taxes	\$ 822,569
Investment income	<u>48,278</u>
Total revenues	<u>870,847</u>

EXPENDITURES

Other expenditures	<u>15,000</u>
Total expenditures	<u>15,000</u>

NET CHANGE IN FUND BALANCE	855,847
FUND BALANCE, JANUARY 1	<u>3,229,925</u>
FUND BALANCE, DECEMBER 31	<u><u>\$ 4,085,772</u></u>

(See independent auditor's report.)

Attachment L : Auditors Letter (Hickory Kensington TIF)

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTION OF COMPLIANCE

The Honorable Mayor and
Members of the Board of Trustees
Village of Arlington Heights, Illinois

We have examined management's assertion that the Village of Arlington Heights, Illinois (the Village), complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2022. Management is responsible for the Village's assertion. Our responsibility is to express an opinion on management's assertion about the Village's compliance with the specific requirements based on our examination.

Our examination was made in accordance with the standards established by the American Institute of Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Village's compliance with the specified requirements.

In our opinion, management's assertion that the Village of Arlington Heights, Illinois, complied with the aforementioned requirements for the year ended December 31, 2022, is fairly stated in all material respects.

This report is intended solely for the information and use of the Board of Trustees, management and the Illinois Department of Revenue, Illinois State Comptrollers office and the Joint Review Board and should not be used by anyone other than these specified parties.

Sikich LLP

Naperville, Illinois
June 15, 2023

Attachment M: Intergovernmental Agreements (Hickory Kensington TIF)

1. R 14-027; A14-044 an agreement between the Village Of Arlington Heights and School Districts 25 and 214 regarding the sharing of incremental revenues.

Attachment N: Third Party Verification of Rate of Return on Redevelopment Projects
(Hickory Kensington TIF)

DRAFT

TO: William Enright Arlington Heights Deputy Director Planning &
Community Development
FROM: Kane, McKenna and Associates, Inc.
DATE: April 27, 2017
RE: **Review of Proposed Hickory & Kensington Mixed Use Development**

1) Background on Redevelopment Project

The Village of Arlington Heights (the "Village") had retained Kane, McKenna Associates, Inc. (KMA) to review the TIF proposal presented by Neri Architects PC or entities to be formed by it (the "Developer"), regarding the purchase and redevelopment of property located at 4 N Hickory Avenue on the northwest corner of Hickory Avenue and Kensington Road (the "Project").

The Project consists of two tax parcels: 03-29-405-003 and 03-29-408-003. The Project will develop a 74 unit apartment complex consisting of 10 studio, 40 one bedroom, and 24 two bedroom apartment units. There will be 74 indoor parking spaces on the ground floor and basement levels along with 29 outdoor parking spaces. The development will also have 4,000 sf of ground commercial retail space.

It is proposed that the project would be developed by Neri Architects PC and owned by the same entity.

2) Data Sources: Limitations of KMA Analysis

KMA has been tasked with reviewing the Developer's gap analysis. To determine the revenue projection, KMA reviewed data from the developer as to proposed land uses, square footage, market assessment of income from said uses, and other variables.

To perform the Gap Analysis, KMA reviewed developer data especially as it pertains to the Project construction budget. KMA also used internal files and published construction benchmarks as a basis of comparison to check the reasonableness of Developer budget assumptions.

5) Return Analysis

The return analysis prepared by KMA and based on Developer assumptions is summarized below. The chart attached below includes the Developer's estimated project returns.

	Without TIF	With TIF Developer Request
Project NOI	\$1,672,232	\$1,672,232
Project Costs	\$19,185,346	\$19,185,346
Less TIF Assistance Upfront	\$0	\$1,500,000
Less TIF Assistance over 8 years	\$0	\$960,000
Net Project Costs	\$19,185,346	\$16,725,346
Leveraged Return	8.82%	18.24%
Unleveraged Return	5.56%	7.22%
Return on Costs	5.30%	6.43%

The returns indicate that the use of TIF funding is appropriate for this project. However, the main question is whether up front assistance in the full amount is necessary, and could the request be modified to a greater reliance on the "pay as you go" component. If the Village does provide TIF funding up front, a true up on costs should be included prior to any payments.

HICKORY KENSINGTON TIF PARCEL MAP

The Village of
Arlington Heights
Illinois
Planning & Community Development

